



# SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

### RESULTS

The Board of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2003 with comparative figures for the previous year as follows:

	<i>Note</i>	<b>2003</b> <i>HK\$'000</i>	2002 <i>HK\$'000</i>
<b>Turnover</b>	2	<b>124,603</b>	129,410
Cost of sales		<u>(17,115)</u>	<u>(14,707)</u>
Gross profit		<b>107,488</b>	114,703
Other revenue		<b>51,330</b>	31,434
Administrative expenses		<b>(35,075)</b>	(45,631)
Other operating expenses		<u>(7,104)</u>	<u>(423,888)</u>
<b>Profit/(loss) from operations</b>	3	<b>116,639</b>	(323,382)
Finance costs	4	<b>(54,658)</b>	(95,713)
Gain on deemed disposal of interest in a subsidiary		—	4,712
Share of profits less losses of associates		<u>(4)</u>	<u>4</u>
<b>Profit/(loss) before taxation</b>		<b>61,977</b>	(414,379)
Taxation	5	<u>510</u>	<u>(226)</u>
<b>Profit/(loss) after taxation</b>		<b>62,487</b>	(414,605)
Minority interests		<u>(681)</u>	<u>2,834</u>
<b>Profit/(loss) attributable to shareholders</b>		<u><b>61,806</b></u>	<u>(411,771)</u>
Dividend		<u><b>2,025</b></u>	<u>—</u>
Earnings/(loss) per share			
— basic	6	<u><b>HK\$0.9821</b></u>	<u>(HK\$6.6050)</u>
— diluted		<u><b>HK\$0.9819</b></u>	<u>N/A</u>

Notes:

## **(1) Basis of preparation**

In the current year, the Group has adopted, for the first time, the following new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants:

SSAP 12 (Revised)                                      Income Tax

The adoption of these new and revised SSAPs has resulted in a change in the format of presentation of the cash flow statement and the presentation of a statement of changes in equity instead of a statement of recognised gains and losses, but has no effect on the results for the current or prior accounting periods. Comparative amounts for the prior period have been restated in order to achieve a consistent presentation.

## **(2) Segment information**

In accordance with the Group’s internal financial reporting, the Group has determined that business segments are its primary reporting format, with each segment organised and managed separately.

### *Business segments*

Property development                                : Property development and sales of properties

Property leasing                                      : Property rental including signage rental

Building management services                    : Providing property management and other repair and maintenance services

Urban infrastructure                                 : Urban infrastructure development

The Group’s inter-segment transactions were related to rental and management fee charges. Terms of rental charge were similar to those contracted with third parties. Management fee charges were determined by directors.

**For the year ended 31 December 2003**

	<b>Segment Revenue</b>			<b>Inter- segment transactions</b>	<b>Contribution from operation</b>
	<b>External customers</b>	<b>Inter- segments</b>	<b>Segment result</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
Property development	1,000	3,560	(751)	—	(751)
Property leasing	91,091	3,278	85,988	1,288	87,276
Building management services	8,511	—	5,204	—	5,204
Urban infrastructure	23,341	—	552	—	552
Others	660	—	44,146	(1,288)	42,858
Elimination	—	(6,838)	—	—	—
<b>Total</b>	<u>124,603</u>	<u>—</u>	<u>135,139</u>	<u>—</u>	<u>135,139</u>
Unallocated income and expenses					<u>(18,500)</u>
Profit from operations					116,639
Finance costs					(54,658)
Gain on deemed disposal of interest in a subsidiary					—
Share of profits less losses of associates					(4)
Taxation					510
Minority interests					<u>(681)</u>
Profit attributable to shareholders					<u>61,806</u>

For the year ended 31 December 2002

	Segment Revenue				Contribution from operation
	External customers	Inter-segments	Segment result	Inter-segment transactions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Property development	8,549	—	(202,089)	—	(202,089)
Property leasing	91,578	3,788	83,213	3,280	86,493
Building management services	28,450	—	7,159	—	7,159
Urban infrastructure	—	—	—	—	—
Others	833	14,038	(229,786)	(3,280)	(233,066)
Elimination	—	(17,826)	—	—	—
<b>Total</b>	<b>129,410</b>	<b>—</b>	<b>(341,503)</b>	<b>—</b>	<b>(341,503)</b>
Unallocated income and expenses					18,121
Loss from operations					(323,382)
Finance costs					(95,713)
Gain on deemed disposal of interest in a subsidiary					4,712
Share of profits less losses of associates					4
Taxation					(226)
Minority interests					2,834
Loss attributable to shareholders					<u>411,771</u>

*Geographical segments:*

	Hong Kong		PRC		Consolidated	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>101,262</u>	<u>129,410</u>	<u>23,341</u>	<u>—</u>	<u>124,603</u>	<u>129,410</u>
Segment assets	<u>2,322,692</u>	<u>1,789,598</u>	<u>47,704</u>	<u>9,133</u>		
Capital expenditure	<u>569</u>	<u>491</u>	<u>1,154</u>	<u>248</u>		

### (3) Profit/(loss) from operations

	<b>2003</b>	2002
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit/(loss) from operations is arrived at after charging:		
Amortisation of goodwill	<b>73</b>	14,921
Impairment loss on goodwill	<b>5,566</b>	137,451
Auditors' remuneration	<b>716</b>	593
Depreciation	<b>1,193</b>	1,888
Cost of properties sold	<b>1,626</b>	8,723
Loss on disposal of subsidiaries	<b>550</b>	—
Provision for diminution in value of properties for sales, held for and under development	—	1,590
Provision for impairment loss of property, plant and equipment	—	5,388
Provision for inventories	—	24,612
Provision for doubtful debts	<b>943</b>	32,790
Staff costs (excluding directors' remuneration)	<b>10,663</b>	11,335
Amount recognised as expenses for defined contribution plan	—	416
Reversal of investment property revaluation deficit	—	200,075
	<u><b>—</b></u>	<u>—</u>

### (4) Finance costs

	<b>2003</b>	2002
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank loans and other borrowings wholly repayable within five years	<b>54,618</b>	66,360
Interest on other borrowings wholly repayable after five years	—	20,489
Charge arising from un-exercised warrants issued to bankers in connection with Debt Restructure Agreement	—	8,813
Finance charges on obligations under finance leases	<b>40</b>	51
	<u><b>54,658</b></u>	<u>95,713</u>

The Group has not capitalized any interest for the year (2002: Nil).

## (5) Taxation in the consolidated income statement represents:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current year	19	226
Over provision in prior years	<u>(529)</u>	<u>—</u>
	<u><u>(510)</u></u>	<u><u>226</u></u>

Hong Kong Profits Tax has been provided at the rate of 17.5% (2002: 16%) on the Group's estimated assessable profit for the year.

## (6) Earnings/(loss) per share

The calculation of basic and diluted profit per share are based on current year's profit attributable to shareholders for the year of HK\$61,806,000 (31 December 2002: loss of HK\$411,771,000).

The basic profit per share is based on the weighted average of 62,942,243 shares (31 December 2002: 62,328,043 shares restated) in issue during the year.

On 4 April 2003, every 50 issued shares of the Company was consolidated into 1 issued share (the "Issued Share Consolidation") and the deemed weighted average number of shares for the year ended 31 December 2002 as if the Issued Share Consolidation had been occurred on 1 January 2002 was 62,328,043 (3,116,402,115 before restatement) shares.

The diluted profit per shares is based on 62,964,997 shares which is the weighted average number of shares in issue during the year plus the weighted average of 22,754 shares deemed to be issued if all the outstanding potential ordinary shares representing 820,000 share options granted with an exercise price of HK\$1.5 per share were exercised.

No diluted loss per share has been calculated for the corresponding year ended 31 December 2002 because the conversion/exercise of the outstanding potential ordinary shares would have been anti-dilutive for the year.

## SUMMARY OF THE AUDITORS' REPORT

The Company's auditors have issued an unqualified opinion on the financial statements for the year ended 31 December 2003.

## REVIEW BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2003 have been reviewed by the audit committee of the Company.

## DIVIDEND

The Board is pleased to announce final dividend of HK\$0.02 (2002: Nil) per share for the year ended 31 December 2003 to shareholders whose names appear on the register of members on 31 May 2004 (the "Record Date"). Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be dispatched on or before 18 June 2004.

## BONUS ISSUE OF SHARES

On 21 April 2004, the Board announced that it proposed to make a bonus issue of shares (the “Bonus Issue”) on the basis of one bonus share for every 5 shares of HK\$0.10 each held by the shareholders of the Company whose names appear on the register of members of the Company on the Record Date. Details of the Bonus Issue will be contained in the circular to be despatched to the shareholders as soon as practicable.

## CLOSURE OF REGISTER OF MEMBER

The register of members of the Company will be closed from 25 May 2004 to 31 May 2004 (both dates inclusive), during which no transfer of share will be registered. In order to qualify for the final dividend and the Bonus Issue, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by not later than 4:00 p.m. on Monday, 24 May 2004.

## CAPITAL STRUCTURE

	<b>2003</b>	2002
	<i>HK\$’000</i>	<i>HK\$’000</i>
Shareholders’ funds	921,511	320,466
Interest bearing borrowings	1,356,700	1,405,375
Total borrowing costs	54,658	95,713
Gearing Ratio	147%	439%
Average cost of borrowings	4.0%	6.8%

Funding and treasury policies of the Group are centrally managed and controlled in Hong Kong. The gearing ratio (interest bearing borrowings/shareholders’ funds) changed from 439% in 2002 to 147% in 2003.

The Group’s monetary assets, loans and transactions are principally denominated in Hong Kong Dollars. The exposure to exchange rate risk is not material.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

All the bank borrowings of the Group are at floating interest rate.

## OPERATIONS REVIEW AND PROSPECTS

### Business in Hong Kong

#### *Property Leasing*

Soundwill Plaza, the Group’s flagship property, is one of the well-established Grade A commercial buildings in Hong Kong. It operates under the concept of upper-floor retailing. Soundwill Plaza houses more than 50 retail tenants targeting female customers which accounted for approximately 80% of its total tenants.

Soundwill Plaza achieved satisfactory performance with average occupancy rate close to 100% during the year. Situated at the prime retail location of Causeway Bay, Hong Kong, Soundwill Plaza offers Grade A property management services and attracted a number of large corporate retail tenants which opened branches or even headquarters in the building. By the fourth quarter of 2003, Soundwill Plaza was fully leased, registering almost the highest occupancy rate among Grade A commercial buildings in the district.

In the course of SARS outbreak in March and April 2003, the Hong Kong retail market was adversely affected. Soundwill Plaza not only stepped up sanitary measures, but also implemented promotional campaigns for tenants and allocated resources to different kinds of promotional facilities, such as installation of outdoor light boxes as well as signages inside elevators. Since these measures were well received and provided a hygienic and user-friendly environment for customers, the Plaza saw no rental refund, reduction and traffic decline during the outbreak.

In the wake of the rise in tourist arrivals from mainland China with the introduction of the Individual Visit Scheme and the signing of CEPA, investor demand for Grade A office and commercial properties in prime retail locations grows substantially. Capitalizing on its prime geographical location and its value-added services, Soundwill Plaza will continue to enjoy its advantage as one of the Grade A commercial buildings with the highest occupancy rate in the district, and generate stable rental revenues for the Group.

#### *Property Management*

Goldwell Property Management Company Limited (“Goldwell”) is a subsidiary of the Group, which specializes in providing property and facility management services. Goldwell achieved international ISO9001:2000 certification, and is a full member of The Hong Kong Associate of Property Management Companies Limited.

The professional qualifications obtained by Goldwell were attributable to the company’s quality management services and the expertise of its professional staff. Currently, Goldwell and its affiliates provide management services to 40 buildings — which occupy a total floor area of over 2 million square feet — and around 1,500 residents/tenants.

Though Goldwell has been involving in large-scale property management projects for years, the Company also keeps a close watch on the tremendous potential in property management of small-and-medium-sized developments. To further enhance its profit contribution, the Group set up Strong Well Property Management Limited (“Strong Well”) during the year with the intention to explore market potential in this area. Strong Well obtained management contracts of more than 16 housing estates just in a year, most of which are residential properties.

## **Mainland Business**

### *Urban Infrastructure Development*

Entering the twenty-first century, mainland China becomes much stronger and its economy continues to be in a good shape. China’s entry into the World Trade Organization brings tremendous business and investment opportunities. Quality of urban infrastructure facilities in the mainland has to be improved so as to cope with the mounting business demand. To make use of this immense potential for business development, the Group formed a wholly-owned subsidiary — Soundwill (China) Limited (“Soundwill (China)”) — with the intention to grasp market share of the urban infrastructure development in the mainland’s major cities and provinces.



Soundwill (China)'s core business is investment and management of urban infrastructure development in the mainland. Soundwill (China) was granted exclusive agreements at more than 10 mainland locations, including Jiangxi, Guangdong, Guangxi, Shandong, Chongqing and Jilin etc.. Soundwill (China) will expand the urban infrastructure development by working together with more mainland provinces and cities in the coming year, making contribution to the economic development of the homeland.

## **Financial Position**

During the year, the Group achieved profit resumption, posting a net profit of approximately HK\$61,806,000 and earnings per share of approximately HK\$0.9821. Cash balance of the Group was approximately HK\$36,039,000 and its financial position remained healthy.

The Group's agreements with major creditor banks on re-financing arrangement at the end of 2002 lowered its borrowing interest rate by a wide margin and reduced its interest expenses substantially. Positive impact of these arrangements was reflected clearly in the 2003 figures. Profit contribution from rental revenue and the Group's mainland business laid down a solid financial foundation for the Group's long-term and steady-growing revenue sources.

## **Prospects**

As a result of the mutual co-operation between the Central Government and the Hong Kong SAR Government, Hong Kong's economy experienced a strong rebound in the second half of 2003, improving general sentiment and driving recovery in the retail sector. Targeting the enormous development potential of the retail market and thanks to the increased spending power of mainland tourists, the Group aims at establishing Soundwill Plaza as the center of upper-floor high-end retail shops, providing one-stop shopping and personal care services for tourists and local shoppers who treasure life-style and quality attributes.

Propelled by the vigorous economy, China experiences rapid development and as such, well established urban infrastructure is essential for the trend to continue. Urban infrastructure development in the mainland represents vast potential and offers high investment returns. Looking ahead, the Group will focus on the urban infrastructure development in the mainland, and attain more exclusive agreements for relevant projects in hope of broadening the Group's earning base.

## **SIGNIFICANT INVESTMENTS HELD**

During the year, there is no material change in the significant investments and properties held by the Group.

## **DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

During the year, there was no material acquisitions and disposals of subsidiaries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group continues to be in a stable financial position with cash and bank balances of approximately HK\$36,039,000 as at 31 December 2003 (2002: approximately HK\$11,659,000). As at 31 December 2003 the Group's gearing ratio, as a ratio of interest bearing borrowings to shareholders' fund, was 147% (2002: 439%).

## **EMPLOYEES REMUNERATION**

The Group had approximately 28 employees as at 31 December 2003 (2002: 37), Total staff costs incurred during the year amounted to approximately HK\$10,663,000 (2002: approximately HK\$11,335,000.00). The Group also offers its employees competitive remuneration packages. During the year, share options were granted to various directors and employees of the Group on a performance related basis.

## **CHARGES ON THE GROUP'S ASSETS**

As at 31 December 2003, properties of the Group with an aggregate net book value of approximately HK\$2,216,046,000 (2002: 1,702,740,000) and no bank deposits (2002: Nil) were pledged to secure banking facilities for the Group.

## **CONTINGENT LIABILITIES**

A property related proceedings relating to the purchase of certain properties in Yuen Long by a subsidiary of the Company is still under progress. In such transaction, the said subsidiary has already paid a deposit of HK\$65,000,000. The transaction has fallen through and the said deposit of HK\$65,000,000 has been forfeited by the Vendor. According to the legal advice taken by the Company, the shareholders of such subsidiary would not incur any further liability apart from costs.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

Save that non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's bye-laws, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange in Hong Kong Limited (the "Stock Exchange").

## **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

The information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

## **APPRECIATION**

As a final note, I wish to take this opportunity to thank all the directors and staff for their contributions and good performance in the past financial year.

*As at the date of this announcement, the Board of Directors of the Company comprise (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Tse Chun Kong Thomas, Kwan Chai Ming; (ii) Non-Executive Directors: Liu Hanbo, Meng Qinghui; and (iii) Independent Non-Executive Directors: Wong Tak Leung Charles and Yuen Hing Man.*

By order of the Board  
**Foo Kam Chu Grace**  
Chairman

Hong Kong, 21 April 2004

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Soundwill Holdings Limited (“the Company”) will be held at 3:30 p.m., on Monday, 31 May 2004 at Unit 02, 30th Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2003;
2. To elect Directors and to authorise the Board of Directors of the Company to fix the remuneration of the Directors;
3. To re-appoint Auditors and to authorise the Board of the Directors of the Company to fix their remuneration; and
4. As special business, to consider and, if thought fit, pass the following resolutions, with or without modifications, as Ordinary Resolutions and Special Resolution respectively:

### ORDINARY RESOLUTIONS

#### A. “THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate of (i) the number of the Shares in issue at the date of passing of this Resolution; and (2) the number of the Shares which may be issued pursuant to the issue of the Bonus Shares referred to in Ordinary Resolution No. 4E set out in the notice convening the meeting at which this Resolution is proposed, and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purposes of this Resolution,  
“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s By-laws to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

**B. “THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of Shares or rights to acquire Shares; or (iii) an issue of Shares upon the exercise of subscription or conversion rights under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into Shares; or (iv) an issue of Shares as scrip dividends pursuant to the Bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate of (1) the number of Shares in issue at the date of passing of this Resolution; and (2) the number of the Shares which may be issued pursuant to the issue of the Bonus Shares referred to in Ordinary Resolution No. 4E set out in the notice convening the meeting at which this Resolution is proposed, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Act 1981 of Bermuda or the Company’s Bye-laws to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in

relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

- C. “**THAT** conditional upon the passing of Ordinary Resolutions Nos. 4A and 4B set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) pursuant to Resolution No. 4B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate number of the Shares repurchased by the Company under the authority granted pursuant to Resolution No. 4A set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate of (1) the number of the Shares in issue as at the date of passing of this Resolution; and (2) the number of the Shares which may be issued pursuant to the issue of the Bonus Shares referred to in Ordinary Resolution No. 4E set out in the notice convening the meeting at which this Resolution is proposed.”
- D. “**THAT** conditional on The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of the Company to be issued pursuant to the exercise of any options to be granted on or after the date of this Resolution under the existing share option scheme of the Company adopted on 22 July 2002 or under any other share option schemes of the Company (the “Options”), the directors of the Company be and are hereby authorised, at their absolute discretion, to grant Options and to allot and issue shares of the Company pursuant to the exercise of any Options up to 10 per cent. of the issued share capital of the Company as at the date of this Resolution.”
- E. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the Bonus Shares (as hereinafter defined):
- (a) upon the recommendation of the directors of the Company, the necessary sum be capitalised from the amount standing to the credit of contributed surplus account of the Company and the directors of the Company be and are hereby authorised and directed to apply such sum in paying up in full at par shares of HK\$0.10 each in the capital of the Company, (“Bonus Shares”) to be allotted and distributed, credited as fully paid up, to and amongst those shareholders whose names appear on the register of members of the Company on 31 May 2004 (the “Record Date”) on the basis of one Bonus Share for every five existing issued shares of HK\$0.10 each in the capital of the Company held by them respectively on the Record Date;
  - (b) the shares to be issued pursuant to this Resolution shall, subject to the Memorandum and Articles of Association of the Company, rank pari passu in all respects with the shares of HK\$0.10 each in the capital of the Company in issue on the Record Date, except that they will not rank for the bonus issue of shares mentioned in this Resolution;
  - (c) no fractional shares shall be allotted and distributed as aforesaid, but shares representing fractional entitlements shall be aggregated and issued to a nominee to be named by the directors of the Company and such shares shall at such time as the nominee thinks fit be sold and the net proceeds shall be retained for the benefit of the Company; and

- (d) the directors of the Company be authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares including, but not limited to, determining the amount to be capitalised out of contributed surplus account and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (a) of this Resolution.”

### **SPECIAL RESOLUTION**

- F. **“THAT** the existing Bye-laws of the Company be and are hereby amended in the following manner:
- (a) By adding the following definition in Bye-law 1 immediately after the definition of “Act”:
- “associate” has the meaning ascribed to it in Rule 1.01 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”
- (b) By deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or” from the definition of “clearing house” in Bye-law 1 and substituting therefor the words “a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto for the time being in force or”
- (c) By deleting the existing Bye-law 76 in its entirety and substituting therefor the following:
- “76. (1) No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (2) Where the Company has actual knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”
- (d) By deleting the existing Bye-law 88 in its entirety and substituting therefor the following:
- “88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such Notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

(e) By deleting the existing Bye-law 103 in its entirety and substituting therefor the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is to his knowledge materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Directors and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

- (vi) any proposal or arrangement for the benefit of employees of the Company or of any of its subsidiaries including the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to the Directors, their respective associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

For the purpose of this Bye-law 103(1), “subsidiary” shall have the meaning as defined in Rule 1.01 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.



- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board,

and that the directors of the Company be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect any of the foregoing.”

By Order of the Board  
**Kwan Chai Ming**  
*Company Secretary*

Hong Kong, 21 April 2004

**Notes:**

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company at 21st Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for holding the meeting

*Please also refer to the published version of this announcement in the (**The Standard**)*